

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 893 - HB 1370

March 5, 2019

SUMMARY OF BILL: Prohibits an insurance company from denying coverage on an employer's company vehicle while it is being operated by an employee with a valid driver's license, regardless of history of moving violations, within the scope of employment.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Potential increases in local revenue from claim benefits received and potential increases in local expenditures from higher premiums incurred.

Assumptions:

- The proposed legislation pertains to private insurers and would not affect the payments or procedures of motor vehicle insurance claims for state-issued vehicles through the Treasury Department's self-insurance program and Risk Management Fund.
- Counties and county agencies have the option to insure motor vehicles through the self-insured Local Government Insurance Pool (LGIP).
- Municipalities or similar government entities do not have an available government-funded self-insured insurance program; while pool insurance is available to municipalities, policies are provided through a commercial insurer.
- Any counties or county agencies, along with municipalities, which choose not to participate in, or that do not have available a self-insured motor vehicle insurance policy, would be impacted by the proposed legislation.
- Entities impacted by the proposed legislation could benefit from additional benefit payouts from an insurer in the case of a motor vehicle claim during employee use; however, it is assumed such insurers would impose higher policy or premium rates to cover their additional claims expenditures.

IMPACT TO COMMERCE:

Other Commerce Impact – The proposed legislation could result in an increase of business expenditures for motor vehicle insurers; however, it is assumed such insurers would increase policy or premium rates to cover those additional expenditures.

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Assumptions:

- The proposed legislation prohibits an insurance company from denying coverage on an employer's company vehicle while it is being operated by an employee with a valid driver's license, regardless of history of moving violations, within the scope of employment.
- This could result in additional business expenditures for the insurer if a qualified claim is filed; however, this amount would be offset by the decrease in business expenditures for the employers who own the vehicle subject to the claim.
- It can reasonably be assumed that motor vehicle insurers would increase policy or premium rates for all consumers to cover any additional business expenditures incurred on behalf of the proposed legislation.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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